

## SUMMARY OF INTERVIEW

The following is a summary of an in-person interview between Examiners Heidi Reviere and Janice Mooneyham with Applicants' representatives, Dale C. Hunt and Mithu Pottathil on July 15, 2008. Applicants thank the Examiners for their time and consideration.

### Exhibits and/or Demonstrations

No exhibits or demonstrations were discussed.

### Identification of Claims Discussed

The currently pending claims were discussed.

### Identification of Prior Art Discussed

The art of record in the application and art cited by the Examiner, Sandor et al., 2005/02346190A1, (*Sandor IV*) and provisional application 60/397,401 (*Sandor I*) to which *Sandor IV* claims priority.

### Proposed Amendments

Applicants discussed possible amendments to overcome the rejections under 35 U.S.C. 101, 35 U.S.C. 112, and 35 U.S.C. 103(a).

### Principal Arguments and Other Matters

Applicants discussed the differences in the nature and scope of the disclosure of *Sandor I* compared to *Sandor IV*.

### Results of Interview

Applicants will submit amendments and arguments in their response to the outstanding Office Action.

## REMARKS

### A. Introduction

Claims 1-67 were pending in the application.

In the Final Office Action mailed June 11, 2008, claims 1-67 were rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter.

Claim 1, 6-12, 14, 15, 17-19, 21, 22, 24-26, 27, 28, 31-35, 40-42, 44, 46, 50-55, 57-61, 63, 64, and 66-67 were rejected under 35 U.S.C. §112, first paragraph, as failing to comply with the enablement requirement.

Claims 1-67 were rejected under 35 U.S.C. §103(a) as being unpatentable over Sandor, et al., U.S. 2005/0246190<sup>1</sup> (hereinafter, *Sandor IV*), in view of Schomer et al., U.S. 6,108,617 (hereinafter *Schomer*).

In response, applicants are hereby canceling claims 2, 3, 5, 11, 16, 17, 29, 33, 39, and 52, amending claims 1, 7, 32, 34, 36, 47, 48, 51, and 63 for clarity and to obviate the 35 U.S.C. §101 and §112 rejections. No new matter is being added.

Reconsideration of the application as amended, and allowance of all claims are hereby respectfully requested in light of the following arguments.

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<sup>1</sup> The Office Action referenced Sandor as U.S. 2002/0246190, in an evident typographical error.

**B. Rejections under 35 U.S.C. §101**

Claims 1-67 were rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter.

The Office Action fails to establish a *prima facie* case that the claims do not fall into a statutory category. Indeed, the Final Office Action admitted that the claims recite a process, which is an enumerated category of patentable subject matter under section 101. The Final Office Action asserted that in order for the process to be a “proper process” under 35 USC §101, the process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter to a different state or thing. Whether or not the foregoing formulation (which appears to have been derived from a May 15, 2008 memorandum from John J. Love, entitled “Clarification of Processes” under 35 USC §101”) accurately reflects the law, the instant claims involve the transformation of underlying subject matter, and therefore meet the second part of the test articulated in the Office Action. Specifically, for example, the claims recite conversion of production practice data into emission reduction units, which is not an abstract idea, but, rather a process resulting in a useful, tangible and concrete result.

Accordingly, claims 1-67 are allowable under 35 U.S.C. §101.

**C. Rejections under 35 U.S.C. §112**

Claim 1, 6-12, 14, 15, 17-19, 21, 22, 24-26, 27, 28, 31-35, 40-42, 44, 46, 50-55, 57-61, 63, 64, and 66-67 were rejected under 35 U.S.C. §112, first paragraph, as failing to comply with the enablement requirement.

The Office Action fails to establish a *prima facie* case that the enablement requirement is not met. The application meets the requirement of 35 U.S.C. 112, first paragraph, if any person skilled in the art could make and use the invention without undue experimentation. In re Wands, 858 F. 2d at 737 (Fed. Cir. 1988). The Office Action asserted Applicants' specification does not adequately disclose the steps of converting the production practice to environmental data and converting environmental data to environmental reduction units and that the term environmental reduction unit was not defined. Applicants respectfully submit that to a person skilled in the art at the time the application was filed would not require additional direction or working examples of these steps. For example, the Kyoto Protocol provides a commonly used definition of "emission reduction unit". A number of examples of "converting production practice data to environmental data" are described, for example, in Agricultural Influences on Carbon Emissions and Sequestration: A Review of Evidence and the Emerging Trading Options, (Pretty, J., et al., Centre for Environment and Society and Department of Biological Sciences, University of Essex, UK Centre for Environment and Society, Occasional Paper 2001-03, University of Essex, March 2001).

Accordingly, claims 1-67 are allowable under 35 U.S.C. §112, first paragraph.

**D. Rejections under 35 U.S.C. §103(a)**

Claims 1-67 were rejected under 35 U.S.C. §103(a) as being unpatentable over *Sandor IV* in view of *Schomer*.

For the reasons detailed below, (1) the Examiner's use of *Sandor IV* as a prior art reference is improper and (2) the combination fails to teach or suggest the invention as presently claimed.

**1. THE EXAMINER'S USE OF *SANDOR IV* AS PRIOR ART AGAINST THE INSTANT APPLICATION IS IMPROPER.**

*Sandor IV*, filed January 14, 2005, is a continuation in part of 10/623,134, filed July 18, 2003 (hereinafter *Sandor II*); *Sandor IV* claims priority to U.S. provisional patent application serial no. 60/537,344, filed January 15, 2004 (hereinafter "*Sandor III*") and also claims priority to U.S. provisional patent application serial no. 60/397,401, filed July 20, 2002 (hereinafter "*Sandor I*"). *Sandor II* has a publication date of February 26, 2004, which date is also the earliest date by which the public had access to either *Sandor I* or *Sandor II*. 35 U.S.C. §122(a). The priority date of the instant application is July 20, 2002, which date falls between the filing dates of *Sandor I* and *Sandor IV*, and precedes both the filing date and the publication date of *Sandor IV*.

The Examiner's use of *Sandor IV* as prior art against the instant application is improper, for at least the following reasons.

**a. The Examiner's use of *Sandor IV* as a prior art reference against the instant application fails to comply with MPEP 2136.03 III and MPEP 2136.03 IV.**

For *Sandor IV* to be prior art to the instant application, it must be accorded a 102(e) critical reference date as of *Sandor I*'s filing date. As explained at MPEP 2136.03 III, this

means, as a threshold matter, that *Sandor IV* must be entitled to the benefit of the filing date of *Sandor I*. To be so entitled, *Sandor I* must meet **all of** the requirement of 35 U.S.C. §112, first paragraph, with respect to at least one claim of *Sandor IV*. 35 U.S.C. §119(e)(1). Furthermore, *Sandor I* must meet **all of** the requirements of 35 U.S.C. §112, first paragraph with respect to the subject matter relied upon in making the rejection. MPEP 2136.03 III.

As required by 35 U.S.C. §119(e)(1), in order for *Sandor IV* to be entitled to the benefit of *Sandor I*'s filing date, *Sandor I* must disclose the invention claimed in *Sandor IV* "in the manner provided by the first paragraph of section 112". *Sandor I*, therefore, must fully comply with the written description, enablement, and best mode requirements of the first paragraph of §112. In the Final Office Action, the Examiner failed to even assert that an invention claimed in *Sandor IV* is disclosed in *Sandor I* in the manner provided by the first paragraph of §112.

Finally, even if a claim in *Sandor IV* was adequately supported in the written description of *Sandor I*, yet more is required: *Sandor IV* may be accorded a 102(e) critical reference date as of *Sandor I*'s filing date only if, in addition, *Sandor I* properly supports the ***subject matter relied upon to make the rejection*** in compliance with 35 U.S.C. §112, first paragraph. MPEP 2136.03 III. In the Final Office Action, the Examiner failed to even assert that the subject matter relied upon in making the rejection (taken from *Sandor IV*) is properly supported in *Sandor I*.

The Examiner rejected claims 1-67 under 35 U.S.C. §103(a) as being unpatentable over *Sandor IV* in view of *Schomer*. For the reasons given above, the Examiner's assertion that *Sandor IV* may be used as prior art against the instant application is flawed. As a result, the Examiner has failed to establish a *prima facie* case of obviousness.

For the above reasons, Applicants hereby request the Examiner to withdraw the §103(a) rejections and to allow claims 1, 4, 6-10, 12-15, 18-28, 30-32, 34-38, 40-51, and 53-67 as amended.

**b. *Sandor IV* is not properly accorded a 102(e) critical reference date as of *Sandor I*'s filing date.**

As discussed above, the Examiner failed to meet her burden of establishing a *prima facie* case for the rejections, because she failed to demonstrate, or even assert, that *Sandor I* provides §112, first paragraph, support for the claims of *Sandor IV* and the subject matter relied upon in making the rejections. Even assuming, *arguendo*, that *Sandor I* did somehow provide the requisite support, the rejection would still be improper, at least because it is improper to accord *Sandor IV* with a 102(e) critical reference date as of *Sandor I*'s filing date.

Applicants are aware of the USPTO examination guidelines, first published in the January 14, 2003 Official Gazette, stating:

“The 102(e) date of a reference ... is its earliest effective U.S. filing date, taking into consideration any *proper* priority or benefit claims to prior U.S. applications under 119(e) or 120 if the prior application(s) properly supports the subject matter used to make the rejection.” Examination Guidelines for 35 U.S.C. §102(e), as amended by the American Inventors Protection Act of 1999, and further amended by the Intellectual Property and High Technology Technical Amendments Act of 2002, and 35 U.S.C. §102(g), Discussion Section IV(4)(b).

For the reasons detailed hereinbelow, this policy is inadequate to support the Examiner's position that *Sandor IV* may be used as prior art against the instant application.

*i. Courts have strictly limited the circumstances in which “secret” references are allowed to defeat an applicant’s patent right.*

35 U.S.C. §102(e) provides for a limited exception to the general rule that a prior art reference must be publicly accessible. Prior to the enactment in 1999 of the American Inventors Protection Act (hereinafter, the “AIPA”), 35 U.S.C. §102(e) simply codified the U.S. Supreme Court rule of Alexander Milburn Co. v. Davis-Bournonville Co., 270 U.S. 390 (1926) in providing that a person shall be entitled to a patent unless (*inter alia*):

“(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent...”.

The rule of Milburn, and §102(e) as it existed prior to the AIPA, was summarized by Judge Giles Rich as follows:

“...a complete description of an invention in a U.S. patent application, filed before the date of invention of another, if it matures into a patent, may be used to show that that other was not the first inventor.” In re Hilmer, 359 F. 2d 859, 877 (CCPA 1966); hereinafter, “Hilmer I”.

In Milburn, an earlier-filed patent application disclosing the invention claimed in a later-filed patent application did not issue (and was not publicly available) until after the filing date of the later-filed application. The Supreme Court assumed there “would have been no bar to [the later filer’s] patent if [the earlier filer] had written out his prior description and kept it in his portfolio uncommunicated to anyone”. Milburn at 400. But because the first filer “had done all that he could do to make his description public... [and] had taken steps that would make it public as soon as the Patent Office did its work”, the earlier filed application defeated the later filer’s patent rights, even though it was not publicly available at the time the later application was filed



Id at 401. Judge Rich, in another CCPA opinion, summarized the rationale of the Milburn holding as “that ‘but for’ the delays in the Patent Office, the patent would have earlier issued and would have been prior art known to the public.” In re Wertheim and Mishkin, 646 F. 2d 527, 536 (CCPA 1981).

As widely referred to in numerous subsequent cases, the so-called Milburn Doctrine is an exception to the general rule that prior knowledge must be public in order to defeat another’s patent rights. Ex parte Osmond, 191 U.S.P.Q. (BNA) 334, 337 (USPTO BPAI 1973). The Milburn Doctrine has been “held to be limited to its own factual situation and that in order to be applicable a patent must issue.” Id.

Here, the relevant facts are inapposite to the Milburn “factual situation”, at least because the filing of *Sandor I* did nothing to make the disclosure thereof public. On the contrary, the applicant in *Sandor I* merely preserved for twelve months the option of filing a utility patent application claiming the benefit of *Sandor I*, while also preserving the opportunity to benefit from the provisions of 35 U.S.C. §122 and avoid disclosing its contents to the public. At least because the *Sandor I* applicants failed to do all that they could do to make their description public, *Sandor I* is not properly available, under Milburn, as a reference.

ii. *Courts have rejected past attempts by the USPTO to “read together” provisions of 35 U.S.C. §102(e) and 35 U.S.C. §119.*

Only by conflating the priority-granting provisions of §119 with the patent-defeating provisions of §102(e) is it possible to conclude that *Sandor IV* should be accorded a 102(e)

critical reference date prior to Applicants' filing date. This "reading together" of §119 and §102(e) was strongly criticized by the court's holding in Hilmer I:

"We see no reason for reading these two provisions together and the board has stated none. We believe, with the dissenting board member, that 119 and 102(e) deal with unrelated concepts and further that the historical origins of the two sections show neither was intended to affect the other, wherefore they should not be read together in violation of the most basic rule of statutory construction, the "master rule," of carrying out the legislative intent. Additionally, we have a long and consistent administrative practice in applying an interpretation contrary to the new view of the board, confirmed by legislation ratification in 1952." Hilmer I at 872.

Hilmer I, of course, was decided before §119 was amended by adding subsection (e) providing for provisional applications. As discussed below, nothing suggests a legislative intent, when adding subsection (e) to section 119, to overturn Hilmer I by authorizing "reading together" §102(e) and §119(e).

*iii. Statutory revisions providing for provisional applications and 18 month publication rules should be construed narrowly in light of the Milburn Doctrine, Hilmer I, and related cases.*

a) The [GATT] Uruguay Round Agreements Act (hereinafter, the "1994 Act")

The 1994 Act amended, *inter alia*, 35 U.S.C. §111 and §119 to provide respective subsections §111(b) and §119(e) relating to U.S. provisional patent applications. The 1994 Act did not amend §102(e). Nor was any legislative intent expressed to overturn the case law discussed above.

Nevertheless, according to the USPTO, under the 1994 Act,

“Section 119(e)(1) of title 35, United States Code, provides that if all of the conditions of 35 U.S.C. 119 (e)(1) and (e)(2) are met, an application for patent filed under 35 U.S.C. 111(a) or 363 shall have the same effect as though filed on the date of the provisional application. Thus, the effective United States filing date of an application for patent filed under 35 U.S.C. 111(a), and entitled to benefits under 35 U.S.C. 119(e), is the filing date of the provisional application. Any patent granted on such an application, is prior art under 35 U.S.C. 102(e) as of the filing date of the provisional application.” 60 FR 20195, 20197 (1995).

This interpretation of the legal effects of the 1994 Act, provided in the “Supplemental Information” section of the Federal Register dated April 25, 1995 entitled “Changes to Implement 20-Year Patent Term and Provisional Applications” fails to cite a legal authority, or make reference to stated legislative intent, for directly contravening Hilmer I by “reading together” provisions of Section §119 and §102(e).

It must be presumed that Congress, when adapting the 1994 Act, was aware of Hilmer I, and the respective legislative histories of 35 U.S.C. §119 and §120. Prior to 1994, §119 addressed only foreign priority, whereas §120 dealt with domestic priority. Although §120 and §119 employ an identical phrase, “shall have the same effect, as to such invention”, the court in Hilmer I, after a painstaking analysis of the legislative history of each section, dismissed the use of the same expression as “mere happenstance”. Hilmer I at 879. Furthermore, Hilmer I specifically disapproved of the USPTO’s position that the expression “shall have the same effect, as to such invention” should have the same meaning with respect to §120 domestic priority as to §119 foreign priority. In adapting the 1994 Act, Congress chose to modify §119, not §120, even though provisional applications, as domestic filings, might more logically be related to the latter section. As at least one commentator has observed, however,

“Provisional applications have in common with foreign priority applications a feature not shared by regular §111(a) applications: provisional applications, like foreign priority applications, can never become a U.S. patent.” Patch, Andrew J., Provisional Applications and 35 U.S.C. 102(e) in View of *Milburn, Hilmer and Wertheim*, 77 J. Pat. & Trademark Off. Soc’y 339, 346 (1995).

In light of the foregoing, and in the absence of evident legislative intent to the contrary, the USPTO’s interpretation of the 1994 Act at 60 FR 20195, 20197 (which was not implemented by way of any amendment to CFR Title 37) is untenable.

b) The AIPA

The AIPA amended, *inter alia*, 35 U.S.C. §102(e) to provide for eighteen-month publication of (some) patent applications. 35 U.S.C. §102(e) was amended to provide, in relevant part, that a person shall be entitled to a patent unless (*inter alia*):

“(e) the invention was described in -- (1) an application for patent, published under section 122(b) [35 U.S.C. §122(b)], by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent...”.

To implement provisions of the AIPA and related technical amendments to §102(e), the USPTO promulgated examination guidelines signed December 11, 2002 published in the Official Gazette on January 14, 2003 (the “Guidelines”). In Discussion Section IV(4)(b) of the Guidelines, the USPTO advised:

The 102(e) date of a reference ... is its earliest effective U.S. filing date, taking into consideration any proper priority or benefit claims to prior U.S. applications under 119(e) or 120 if the prior application(s) properly supports the subject matter used to make the rejection.

As discussed above, the Examiner has failed to even allege that *Sandor I* properly supports the subject matter (found in *Sandor IV*) used to make the rejection. Even assuming, *arguendo*, that the Examiner's rejections somehow complied with the Guidelines quoted above, the rejection is still fatally flawed, because the Guidelines themselves, which do not have the force of law, improperly conflate §102(e) and §119(e) in derogation of the common law discussed above.

The Guidelines provide no authority--and Applicants are aware of none--for the proposition that §102(e) can be read together with §119(e) in contravention of Hilmer I. If the two provisions are not so conflated, then *Sandor IV* can be accorded an effective date as a 102(e) reference no earlier than its own filing date.

The Final Office Action rejected claims 1-67 under 35 U.S.C. §103(a) as being unpatentable over *Sandor IV* in view of *Schomer*. For the reasons given above, *Sandor IV* may *not* be accorded an effective date as a reference prior to the instant application's priority date and, therefore, may not be used as a prior art reference in the instant case. As a result, the Examiner has failed to establish a *prima facie* case of obviousness.

For the above reasons, Applicants hereby request the Examiner to withdraw the §103(a) rejections and to allow claims 1, 4, 6-10, 12-15, 18-28, 30-32, 34-38, 40-51, and 53-67 as amended.

**2. SANDOR I, EVEN IN VIEW OF SCHOMER, FAILS TO ANTICIPATE OR SUGGEST APPLICANTS' INVENTION AS PRESENTLY CLAIMED.**

Even assuming, *arguendo*, that the disclosure of Sandor I may somehow properly be used as prior art against the instant application, Applicants' claims, for the reasons detailed below, are still allowable, because the disclosure of Sandor I fails to teach, or even suggest, the instant invention as presently claimed.

*Sandor I* describes a method of applying a capped emissions trading system to greenhouse gas emissions, based on per project carbon credits. *Sandor I*, paragraph 001. In accordance with the disclosure of *Sandor I*, a market participant may trade emission allowances and offsets. As admitted by the Office Action, *Sandor I* fails to disclose assigning an identifier to the emission reduction unit. Neither does *Sandor I* teach or suggest (1) collecting production practice data of at least one producer for a pre-selected time period responsive to a protocol, where the protocol is adapted to determine at least one of environmental emissions and environmental emissions removal associated with a production practice of said producer and (2) converting the production practice data to environmental data using pre-selected conversion factors.

The Office Action at page 5 asserts that *Sandor I*, teaches collecting production practice data of a producer for a pre-selected time period responsive to a protocol (paragraphs 53 and 63), and converting production practice data to environmental data using pre-selected conversion factors (paragraphs 36-38). However, these assertions are not supported by the actual text of the reference. Paragraphs 53 and 63 provide, respectively, that market members submit quarterly emission reports, and that the market specifies project eligibility and the like. Paragraphs 36-38 relate to converting greenhouse gases (other than carbon dioxide) to carbon dioxide equivalents. Thus, *Sandor I* fails to teach or suggest collecting production practice data and converting this

production practice data to environmental data using pre-selected conversion factors as recited in independent claims 1, 32, and 51.

*Schomer* fails to cure these deficiencies. *Schomer* is cited for disclosing assigning an identifier to the emission reduction unit, wherein the identifier includes a sequence portion characterizing a succession thereof. Whether or not this is so, *Schomer* fails to cure the deficiencies noted above. Specifically, *Schomer* fails to disclose collecting production practice data and converting this production practice data to environmental data using pre-selected conversion factors.

#### **E. Conclusions**

Because these features are not taught or suggested by the cited prior art, the Office Action fails to establish that the invention as a whole is obvious in light thereof. See MPEP 2143.03. “All words in a claim must be considered in judging the patentability of that claim against the prior art.” In re Wilson, 424 F. 2d 1382, 1385. Thus independent claims 1, 32, and 51, and their respective dependent claims, are patentable over the combination of *Sandor I* and *Schomer*.

Applicants believe that this application is now in condition for allowance of all claims remaining herein, claims 1, 4, 6-10, 12-15, 18-28, 30-32, 34-38, 40-51, and 53-67, as amended, and therefore an early Notice of Allowance is respectfully requested. If the Examiner disagrees or believes that, for any other reason, direct contact with Applicants' attorney would help advance the prosecution of this case to finality, she is invited to telephone the undersigned at the number given below.

Respectfully Submitted,

Dated: October 14, 2008

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